

# Congress of the United States

## House of Representatives

Washington, DC 20515-2107

October 4, 2011

1376

The Honorable Julius Genachowski  
Chairman  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Dear Chairman Genachowski:

I commend the efforts of the Federal Communications Commission (FCC) to modernize the Universal Service Fund (USF). As it completes its work, I am writing to express my support for two policy goals that should serve as central elements of the FCC's USF reform efforts: universal availability of affordable broadband for all Americans and increased competition for USF subsidies.

USF and earlier programs historically have played a critical role in enabling universal access to voice service. As the National Broadband Plan noted, the current federal universal service programs were created in the aftermath of the Telecommunications Act of 1996 when less than one-quarter of Americans had dial-up Internet access at home, and virtually no one had broadband. As the FCC works to modernize USF, its support for the advanced broadband networks and services of the future will be critical to economic growth, innovation, job creation and access to a range of opportunities for Americans.

As part of its USF reform efforts, it is also important that the Commission restructure USF programs to reflect the emergence of competition. USF reform offers the Commission an opportunity to spur competition deeper into rural and high cost areas. By eliminating subsidies where they are unnecessary, the Commission will remove a significant impediment to competitive entry. Where subsidies do remain necessary, directing them to the most efficient provider will help keep the costs of the USF under control and potentially reduce them over time.

The old monopoly-era USF high cost support mechanisms still in place today do not reflect the current competitive marketplace or promote efficient use of consumer contributions. To the contrary, the current system inhibits competition by forcing new entrants to compete against incumbents that receive billions of dollars in subsidies annually. The Commission can and should take steps to modernize the USF program to take account of marketplace developments. For instance, it should eliminate legacy high-cost support as quickly as possible after the new broadband support mechanism is in place. The Commission should also end subsidies to carriers that face competition from unsubsidized providers, whose presence in a

market demonstrates that no subsidy is necessary. The Commission also should adopt technology neutral, market-based mechanisms (e.g., competitive bidding) to identify the most efficient provider in a service area.

Intercarrier compensation ("ICC") reform provides a further opportunity for the Commission to advance the goal of competition. ICC reform should promote the broadband networks of the 21st Century by treating Voice over Internet Protocol ("VoIP") calls the same as traditional "circuit-switched" calls. Ensuring that VoIP providers will pay, and be paid, under the same intercarrier compensation rules that apply to providers who use circuit-switched technology will promote needed regulatory certainty. By contrast, the incumbent phone company proposals would create the potential for continued disputes and litigation. In addition, reform must preserve the interconnection and transport rules adopted in 1996 that have been the foundation for competition to the voice market. Those rules remain necessary for the continued growth of competition.

As you move to complete your work on this phase of USF reform, I encourage the FCC to promote broadband availability and adoption and increased competition and innovation wherever possible. As a general matter, I believe consumer contributions to the USF should produce quantifiable benefits in terms of affordable service, enhanced networks, and a robust, competitive marketplace. Any modernization plan should be consistent with Congress's belief that universal service would evolve over time as technologies change, as well as with the larger, pro-competitive framework that Congress established in the 1996 Act.

Please ensure that this letter appears in the docket of the FCC's proceeding on this matter.

Sincerely,

  
Edward J. Markey





FEDERAL COMMUNICATIONS COMMISSION

October 18, 2011

JULIUS GENACHOWSKI  
CHAIRMAN

The Honorable Edward J. Markey  
U.S. House of Representatives  
2108 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Markey:

Thank you for your letter concerning the Commission's efforts to reform and strengthen the Universal Service Lifeline/LinkUp program. I appreciate your thoughts on this important program. Your letter has been entered into the record of the Commission's pending Lifeline/LinkUp Reform and Modernization proceeding.

The Commission is evaluating a number of proposals designed to eliminate waste, fraud, and abuse, and otherwise improve the Universal Service Fund. At the same time, the Commission is seeking comment on whether any proposals in its *Notice of Proposed Rulemaking (NPRM)* would impose unreasonable barriers to enrollment and participation by eligible consumers and households.

In addition, the Commission recently issued a Public Notice seeking targeted comment on four issues raised in the *Lifeline/Link Up Reform NPRM*, including the design and implementation of a Lifeline/Link-Up broadband pilot; the one-per-residential-address proposal; revising the definition of Link Up; and improving methods for verifying continued eligibility for the program. I believe that the Commission's analysis would benefit from further development of these issues in the record.

I look forward to working with you to ensure access to telecommunications and broadband for all Americans. Please let me know if I can be of any further assistance.

Sincerely,

Julius Genachowski